DOCUMENT RESUME

ED 376 221 UD 029 749

AUTHOR Scheuer, Joan
TITLE Equity in the Funding of Public Elementary and Middle Schools in New York City. Part I. Top-Down Budgeting.
INSTITUTION Educational Priorities Panel, New York, N.Y.
SPONS AGENCY Aaron Diamond Foundation, Inc., New York, NY.; Andrew W. Mellon Foundation, New York, N.Y.
PUB DATE Oct 93
NOTE 34p.; For Part II, see UD 029 750. Separately published 6-page summary appended to both parts.
PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS Budgeting; Centralization; *Educational Equity (Finance); Elementary Education; *Equal Education; *Equalization Aid; Expenditures; Finance Reform; *Financial Support; Parent Influence; Public Schools; Resource Allocation; Role Perception; School District Autonomy; School District Wealth; Teacher Salaries; *Urban Schools
IDENTIFIERS Educational Priorities Panel NY; *New York (New York)

ABSTRACT

The Educational Priorities Panel undertook a study to find out how funds are distributed among community school districts in New York (New York) and how resources are distributed to individual schools within the system. District decision making was also studied. In Part I, interviews were conducted in 10 representative school districts to learn how local participants in the budget process viewed their roles and how they used newly published spending plans. Superintendents, business managers, community school-board members, school staff, and parents were interviewed about the budget process and allocation choices. Budget decision-making processes throughout the school system are highly centralized. The central board enjoys a much wider range of policy options than has been awarded to the individual districts. Even within the community school districts, fiscal decision making is highly centralized. Community school boards and parents have little influence on spending decisions. In addition, the central-budget process is often out of step timewise with the local schedule for making allocation decisions. Published spending plans are difficult to understand and consequently are not used effectively. Recommendations are made for bottom-up, rather than top-down, decision making about resources. (SLD)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 376 221

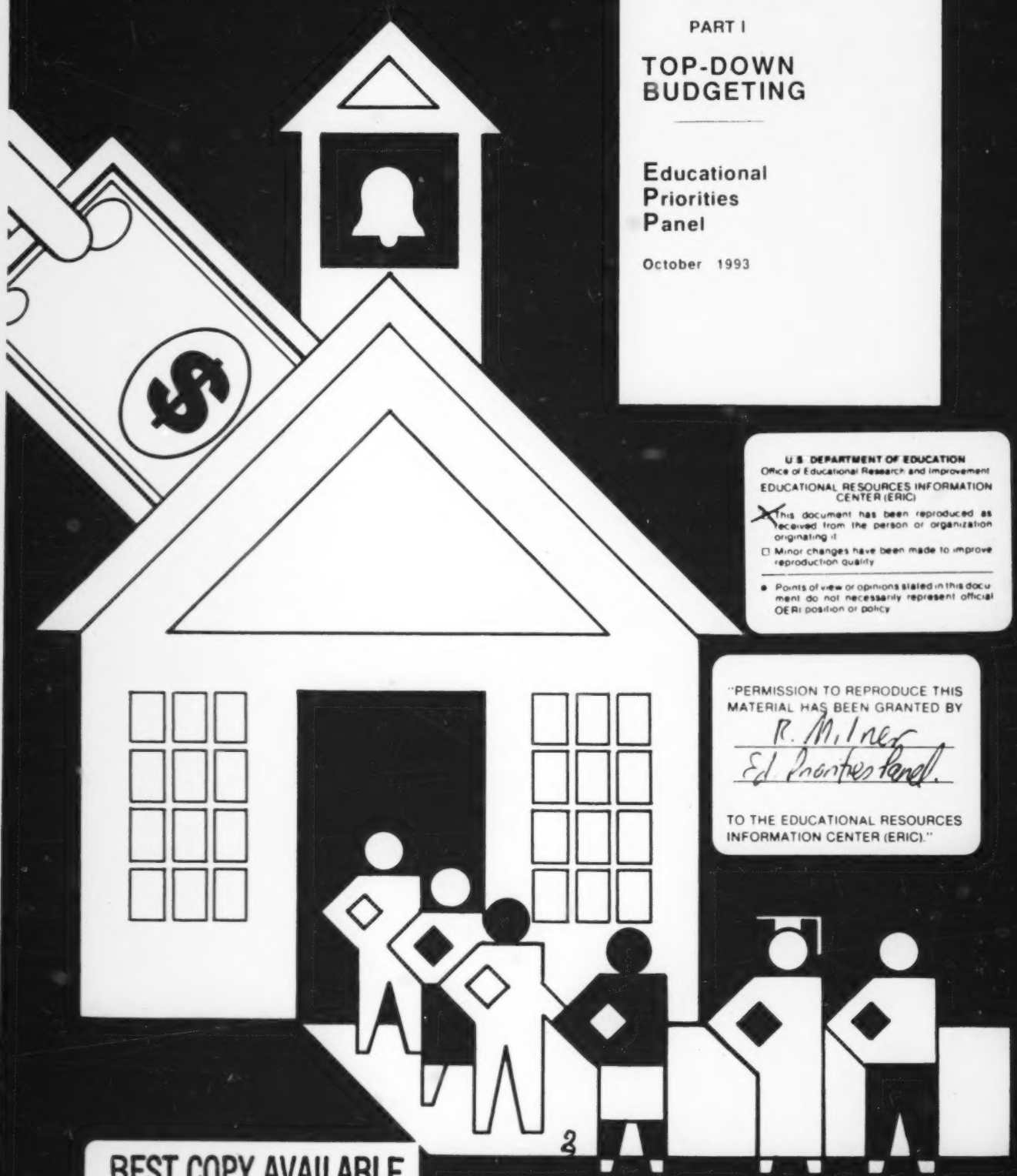
EQUITY IN THE FUNDING OF PUBLIC ELEMENTARY AND MIDDLE SCHOOLS IN NEW YORK CITY

PART I

TOP-DOWN BUDGETING

Educational
Priorities
Panel

October 1993



U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

R. Milner
Ed Priorities Panel

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

BEST COPY AVAILABLE

UD029719

EDUCATIONAL PRIORITIES PANEL

Advocates for Children
American Jewish Committee, New York Chapter
Asian American Communications
ASPIRA of New York
Association for the Help of Retarded Children
Black Agency Executives, Inc.
Citizens' Committee for Children of New York, Inc.
The City Club of New York
Community Service Society
The Junior League of Brooklyn
The Junior League of New York City, Inc.
League of Women Voters of New York City, Inc.
Metropolitan Council of New York NAACP
New York Coalition of 100 Black Women
New York Urban Coalition
New York Urban League
Parents' Coalition for Education in New York City
Presbytery of New York City
PROGRESS, Inc.
Public Education Association
Reform Church of America, Synod of New York
Resources for Children with Special Needs, Inc.
Rheedlen Centers for Children and Families
United Neighborhood Houses
United Parents Association
Women's City Club of New York

EDUCATIONAL PRIORITIES PANEL
23 Warren Street, 4th fl.
New York, NY 10007

Research funded by
The Aaron Diamond Foundation &
The Andrew W. Mellon Foundation

Noreen Connell, *Executive Director*
Dr. Herbert Ranschburg, *Research Associate*
Beverly Lee, *Secretary*

Jan Atwell, *Chairperson*
Kenneth Luck, *Vice Chairperson*

Prepared for The Educational Priorities Panel by Joan Scheuer

TOP-DOWN BUDGETING:

Budget Planning within New York City Community School Districts

A Study based on interviews with top managers, community school board members, staff representatives and parents in ten community school districts

Executive Summary

As Part I of the study, the Educational Priorities Panel conducted interviews in ten representative New York City community school districts to learn how local school district participants in the budget process viewed their roles and how they used the newly published spending plans. Superintendents and business managers, community school district members, staff and parents were interviewed in each of the selected districts.

In informal open-ended interviews, respondents were asked to comment on the local district's budget process, on the leeway they had for making allocation choices, on the equity of the system and their roles in decision making. They were also questioned on the impact of the central Board of Education's new procedure for collecting and publishing information on how local boards allocate money to their component schools.

On the basis of the interviews, EPP made these findings about the new spending plans and the budget process in community school districts:

A. The Budget Process

1. Budgeting throughout the New York City school system is highly centralized. State, city and federal requirements, union contracts, court mandates and central Board policies severely limit the range of choice in allocating resources. Although the budget choices available to the central Board and the Chancellor are limited by many restrictions, the central Board enjoys a much wider range of policy options than has been delegated to the individual community school districts.

2. Even within the community school districts, fiscal decision making is highly centralized. Superintendents and their staffs make the main allocation decisions for the community school districts within the limited range permitted. Superintendents and business managers reported that they had very little discretion in budgeting tax levy and special education funds. Slightly more leeway was reported for appropriating reimbursable funds.

3. Although brought into a consultative process, community school boards and parents have little influence on spending decisions at the district or the school-site level.

4. The central budget process is often out of step with the local schedule for making allocation decisions. The required district-wide summer budget hearings sponsored by the community school boards are perfunctory because major decisions have already been made for the school year beginning in September and because it is too early to make meaningful decisions for the next fiscal year.

5. Consultation with parents at the school site takes place in the spring when relevant budget information is not yet available. Spring meetings with parents and Principals focus on general "wish lists" rather than on current budget options.

6. We did not find that equity in the distribution of resources within the community school districts was a major issue for the district staff, community school board members or parents interviewed, nor did they express concern about the level of resources allocated to their districts compared to others in the city. Administrators were more aware of the implications of citywide comparisons. Part II of this study will evaluate the inter- and intra-district resource distribution throughout the city.

B. Spending Plans

1. In this first year, the published spending plans were too hard to understand. They were not used effectively by community school board members or parents to raise questions about their own school sites or to evaluate the overall equity or effectiveness of the district allocation process. Parents and community school board members expressed a need for a user-friendly guide to the plans and for training in their use.

2. Most superintendents and business managers that we interviewed found the plans irrelevant. Some felt they were potentially useful for parent groups, but others complained that the plans added to their work and called for more of their time in explaining apparent discrepancies. Several districts claimed that they already provided the same (or superior) information to their parents and the public.

3. The central Board's format for the data contained some misleading indicators which should be corrected in subsequent versions. For example, per capita figures for expenditures on some programs were based on broad groups of pupils although the services referred to were actually delivered to fewer pupils. Staff ratios for expenditures in special education were distorted by the complex class sizes that are required in special ed. The data could not account well for part time employees and employees serving the whole district but budgeted to a single school.

4. Missing from the first year's documents were data on actual expenditures for the preceding year. These figures are collected in the same budget codes used to project spending plans, so it would not be difficult to present them alongside the school allocations. It would be informative to include actual expenditure data for the year just completed, grouped and aggregated by personnel type and by program. Readers would then be able to compare intended expenditures for the coming year with actual outlays for the year just completed.

5. For the 1991-92 school year, the central Board of Education collected information on how community school districts allocated funds to individual schools *before* final budget information from the central Board was distributed.

Published data on the spending plans was subsequently issued. The published plans did not reflect adjustments made after the central BOR directive. It was issued too late to help community school boards review budget plans with top managers.

6. The creation and publication of spending plans for each community school district and each school site within the district is a major step toward greater public understanding of school budgets. In the hands of informed parents and community board members, the data on how districts distribute their funds, how their spending patterns compare to other districts and how individual schools fare within each district can be a powerful tool to improve equity and efficiency at the district level.

Recommendations:

1. More power of decision over the use of resources and the choice of program should be delegated to the school site. Encourage bottom-up rather than top-down budgeting.

2. Training in the use and significance of the spending plans should be offered to community school board members and parents.

3. Consultation on budget issues should be synchronized with a more realistic calendar of budget events.

4. Spending plans should be revised to include better explanations of their meaning, limitations and significance. Actual per capita expenditures in all categories should be computed for the preceding year and added to future publications of the data so that planned expenditures can be compared to actual outlays for the preceding year.

TOP-DOWN BUDGETING: Budget Planning within New York City Community School Districts

I. Introduction

The Educational Priorities Panel (EPP) was founded in 1976 to monitor New York City's public schools with the goal of maintaining and improving education in the classroom. With that goal in view, the EPP has made many studies of the budget process within the school system. We study budgets because they are a key to better schools; they can tell us where our money is spent. But to understand how it is spent, how effective it is and how fairly it is distributed, we need to ask more questions. We want to know who decides who gets what, not just at the top level but all the way down the line. We want to know how district managers allocate positions and other resources to their community school sites after they receive their basic allocations from the central Board of Education. We want to know how much input the local community school board has in planning the distribution of funds among the district's schools. Most important, we want to know whether the citizens and parents who use the schools take part in setting priorities that directly affect their children.

In New York City there is no single school budget; there are many. There is the budget hammered out in negotiations between the Mayor, the City Council and the central Board of Education. There is the allocation assigned by the central Board to each of the community school districts. And there is the budget assigned to each school site within each district. To find out how resources are allocated to each school, you must understand the budget process at all three levels.

In 1989-90, for the first time, community school districts were required to describe the rationale used to allocate available funds to their component elementary and middle schools and to report on planned expenditures at the school site level. The information on how money received from the central Board would be assigned and spent was submitted to the central Board where it was analyzed and published. The resulting published spending plans offer a view of school-by-school resource distribution that has been inaccessible until now.

This report assesses the budget process at the local community school district level and the effect of the central Board's new system for reporting on district allocations to schools. It is the first of a two-part study funded by the Aaron Diamond Foundation. The purpose of the completed study is to analyze qualitative, as well as quantitative, information on how community school district funds are distributed to each

elementary or middle school site, to describe the budget process and evaluate the equity and efficiency of resource distribution at the community school district level.

The Educational Priorities Panel's section of the study is based on interviews with administrators, community school board members and parents covering the way they view the local budget process, their comments on the central Board's new spending plan procedure and their perceptions of resource distribution within their districts. Based on findings from these field studies, the EPP report offers some recommendations for changes and improvements in current budgeting practice.

Part II of the report will be conducted by Dr. Robert Berne and Dr. Leanna Stiefel of New York University's Wagner School of Public Service. It will consist of an analysis of data published for the 1990–1991 year by the central New York City Board of Education on community school districts' spending plans.

II. The Interviews

The Educational Priorities Panel selected 10 of the 32 community school districts in New York City in which to conduct interviews[1] After a review of information on the geographic, ethnic, and socio–economic characteristics of the city's diverse community school districts, ten districts were chosen representing each of the five boroughs and a broad range of cultural and educational characteristics. During the 1991–92 school year, we conducted in–depth interviews in each of the selected districts, with the superintendent and/or his representative, community board members, staff representatives and parents.

Interviewers for the Educational Priorities Panel included the consultant and staff member working on the project, as well as one or more panel members.[2] Each interview lasted at least an hour; some extended to three. In many districts, we returned for follow–up interviews. We met with superintendents and business managers separately, then with staff representatives and parent representatives. Our interviews with community board members were most often, but not always, separate from the sessions with district staff and parents. It was decided to conduct full, open–ended interviews based on a n interview guide, which is included at the end of this report. No recordings were made and those interviewed were assured that their anonymity would be respected. Accordingly, no district names appear in Part I of this report.

---

[1]The following EPP members participated in the interviews: Marian Adams Bott, Kenneth Luck, Betty Machol, Mary Martin, Dorothy Silverman, Glenn Pasanen, Phyllis Rovine, Miguel L. Salazar, Frantz Simpson, Muriel Vitriol. Dr. Herbert Ranschberg was Principal Staff Assistant.

[2] In order to select districts that would represent a broad sample of the city's school population, EPP's Monitoring Committee selected 10 community school districts using data on district location, ethnic diversity, size, pupil achievement level, and Chapter 1 status.

III. Findings

A. The budget process

1. Diverse community school districts

The ten districts we visited were different in location, pupil characteristics and cultures, but they faced the same set of problems.The districts ranged from poor to affluent, from districts in which Chapter 1 schools predominated to those in which no schools qualified for Chapter 1 funds.[3] Teaching staff varied from districts employing large numbers of teachers not yet certified to those employing a majority of high-salaried senior teachers. We recognized that these variations and differences in district size, type of neighborhood, rate of immigration, level of crime – all had an impact on district policy.

Management styles were very different, with some leaders proudly professing their authority, others emphasizing collaboration. In several districts, superintendents told us of their own successful efforts to secure outside funding for their schools through political channels or by encouraging parent fundraising. In other districts, managers complained that local conditions precluded such funds.

The educational goals expressed in the community school districts we visited differed. In all but two, the goals articulated by the superintendent or his representatives matched those expressed by school-site staff and parents – a reflection of a systematic consultative process for setting goals. But the "'goals" expressed were very general. Maintenance of class size was often mentioned, particularly by parents. Increased guidance services was listed by three districts. One district made improvements in reading a specific goal. In one district, the superintendent did not agree with the class size goal supported by parents; in his view, guidance, better field management and teacher training should take precedence. In one district the superintendent gave top priority to establishing collaborative management. In another, the superintendent said he wished students to develop a firm grasp of Eurocentric values. In one district, community school board members expressed support for employment of paraprofessionals. In five of the ten districts, the goal of academic improvement was paramount. Other goals mentioned were increase in support services, education for life, multicultural education, staff development, increased parent involvement, affirmative action and alleviation of crowding. In no community school district was the goal of greater distributional equity among the district's component school sites mentioned as a district priority.

2. The District Budget Process

---

3 Chapter 1 is part of a federal program administered through the states. Schools are selected for eligibility in the program on the basis of the incidence of poverty within the school's attendance zone as measured by the numbers of children who are receiving public assistance or whose family incomes qualify them for the free lunch program. In New York City, for the fiscal year 1991-92, an individual school was designated as a Chapter 1 school if its poverty rate exceeded 56.2%, the citywide average poverty rate for that year.

The districts differed in their approach to budgeting as well as in their expressed educational goals. But, although the administrators, staff, board members and parents that we interviewed participated in a standardized consultative budget procedure, they had a similar reaction: they felt that the budget process was too centralized. Whether management or staff or parent representative, most of those interviewed expressed frustration at the role he or she was playing in the budget process.

All superintendents spoke of openness as an objective of the budget process. In several districts, this policy was implemented in the form of budget material prepared and distributed to illustrate staffing and funding at each school building. One district had a policy of computing staff ratios for each program in each school site, so that parents and school site managers could compare resource allocations as well as dollar expenditures across the district. In most other districts, school budget information for each school building and the district as a whole was reviewed with advisory committees or was available on request. In at least two districts, however, building principals told us that school-by-school budget comparisons were discouraged.

However varied the method of presentation, the budget process is viewed from the community school district level as almost totally dependent on decisions made by others. At the district level, budgeting becomes a series of adjustments that respond to directives from the central Board of Education and the rules and mandates that have been imposed over time by union contracts, state and federal regulations and judicial requirements.

Each community school district depends on the central Board of Education for its allocation of funds. District managers have to wait until the central Board of Education knows how much money the Mayor will allot to public schools for the coming year before they can make final allocations to individual schools. The city, in turn, must base its education budget estimates on expectations of funding from the state and on competing requests to fund other city services.

Federal funding depends on national legislation, judicial interpretations and - an important factor for the coming year - the federal census. Political and economic factors that are not related to educational policy often delay or overwhelm the budget process in the city and the state, well before the final determination of a budget for the city's public schools.

3. The Budget Timetable - Honored in the Breach

The budget process is frequently represented as a schedule, a calendar of events that take place in an orderly fashion. The intended calendar as presented in the central Board's Budget Operations and Review Circular No. 5, 1991-1992 looked like this:[4]

---

4 NYC Public Schools, Budget Operations and Review, Circular No.5,1991-1992, P.3.

Timetable

October 15 through November 20	Districts prepare data and preliminary estimates and hold public meetings.
October 24	Circular issued by the Office of Budget Operations and Review with instructions, procedures, forms and timetables for submission of FY 1992-93 district budget estimates.
November 21	Districts submit draft budgets to Office of Budget Operations and Review.
November 28	Final day to submit approved FY 1992-93 district budget estimates to the Office of Budget Operations and Review.
Early December	Meetings with Consultative Council, community superintendents and parent groups.
January	Issuance of Preliminary City Financial plans and State Executive Budget.
February	Chancellor's Budget Request submitted to the Board of Education.
March	Development of State Budget.
April	Adoption of the State Budget.
May	Issue City Executive Budget.
June	Adoption of City Budget.

The budget process as outlined above is most often honored in the breach. The year 1990-1991 was an example. The State budget was not complete until July and final restorations of aid were not made until late in 1991. In July, preliminary allocations of funds for community school districts were issued by the central Board's Office of budget Operations and Review (BOR), but final adjustments were not made until January.

Each year, separate budgets are prepared for each of three revenue sources: a budget for special education, a budget for reimbursable programs and a budget for general education, sometimes referred to as the tax levy budget. Requests are based on principals' estimates of future classroom needs.

In May, community school districts begin work assigning positions and funds to individual schools for the coming year. To help develop priorities or make changes in program, parents are consulted by many principals at the school site level in the early spring. The superintendent and his staff meet, as the union contract requires, with each principal to discuss his or her request for funding. (Union representative attend these

sessions). As required, on the basis of projections made in consultation with the principals, the superintendent and his staff draw up the three budgets and present them to the community school board for adoption. The community school board votes on the budget submitted by the superintendent.

In 1990-1991, the focus of budget discussions was on cuts. In August, the BOR's initial allocations were revised. While they were being revised, the community school district and its component schools had to prepare their estimates for the coming fiscal year. At the same time, they were completing their own allocations of positions and funds for the school term beginning in September, hiring teachers and preparing to open school.

In December of 1990, New York City schools were asked to absorb $90 million in cuts that had been proposed in the Mayor's Financial Plan as well as a state aid reduction of $70.5 million that had been approved by the state legislature. Although state aid was subsequently restored, the central Board, responding to only the city cuts, proposed midyear reductions throughout the system. The central Board's cost reduction effort included an early retirement program. Many experienced administrators retired and the turnover in staff required community school districts to reorganize many schools.

In each of the community school districts that we visited, the uncertainty of schedules was a factor which made the superintendent and the business manager's work more difficult. Principals and staff who in spring conferences had made considered decisions, had set goals and agreed upon priorities were forced instead to focus on cuts. Uncertain scheduling contributed to a feeling of powerlessness among parents, in part because the summer hearing took place well before meaningful allocations were in place.

Community school districts must open schools on time, anticipate student enrollment, hire and assign teachers. They must fit these activities into a budget estimate based on guesses - guesses about probable registration and the outcome of political negotiations at the state and city level. In 1991, parents and principals were called upon after the budget hearings, to adopt across-the-board or specific programmatic cuts in funding and, later, to restore aid that arrived too late for orderly implementation.

It is no wonder that, at the community school district level, the budget process is viewed as a series of adjustments to top-down directives from the central Board of Education. In some districts, the superintendent and/or the business manager spoke with pride about their ability to cope with, or "get around" the system. But most reported that the budget process was frustrating and inhibits initiative. To meet scheduling demands, many superintendents and managers rely heavily on past experience. Last year's numbers become next year's estimates. Pending final allocation decisions by the central Board, managers said that they must adopt a strategy for dealing with

uncertainty. They avoid initiatives and risks; they do not want to staff a program that will not be sustained. They horde opportunities to acquire reserves, to provide cushions against cuts.

Administrators at the school site also develop strategies for acquiring and holding staff and enhancing programs on a one-time basis or scrounging a few additional dollars for books, equipment or extra services. But they have little latitude, they told us, to move from the number of positions projected by their estimated registers. They acknowledged that discussions with parent groups on parent "wish lists" or program initiatives had little to do with actual budget outcomes. Some school-site principals reported that they systematically sought information comparing funding for their own schools with that of other school buildings in the district, but a few reported that they had no access to information on comparative staffing within the school district.

The parents that we interviewed were agreed that the late summer hearings on the community school district budget were perfunctory. They reported that the timing of the hearing, when children are not in school, made it difficult to round up parents for the meeting. There was confusion about whether the hearing concerned the coming school term or planning for the future fiscal year. They saw little connection between the summer hearing and the public debates that take place when the Mayor's budget is at issue, or state aid is under review.

4. Who decides?

The superintendent and his staff decide on how to distribute resources among the schools within their district. In the words of one superintendent, "L'etat,c'est moi!" In many of the districts in which we held interviews, a consultative process was described, indicating that district staff, union representatives and parents were regularly consulted on major issues. One superintendent said, "The parents are brought in at every step of the way, but their influence on decisions is nil." It was clear that superintendents exerted control over assigning positions and making allocations to school sites. The procedure used is contractual; union rules require a formal conference between top management and each principal at which the principal outlines his or her enrollment projections and programmatic needs. The superintendent holds the cards in these negotiations.

Superintendents reported that they did not always agree with parent demands or principals' requests. For example, two superintendents did not credit the goal of maintaining class size and effectively devised ways to extend class size where they thought it warranted. Another reported his decision to shift funds toward one school that he thought "needed extra support" despite parents' reluctance to do so.

The view of the superintendent as decision maker was echoed at the community school board level. Even where the board was divided, the power of the top administrator to control fiscal decisions was acknowledged and deplored. In fiscal

matters, the superintendent's power is difficult to challenge. Community school board members in several districts told us that they were at a disadvantage in arguing budget issues with top management. "We don't second-guess the district superintendent," said one. Although they vote to adopt the budget proposed by the superintendent and, ultimately, on his contract, at least four of the board members interviewed expressed frustration because their ability to influence allocation decisions was limited. Community school board members seemed insecure in using the powers available to them. Often divided, they focused on personnel issues, the schools that their own children attended, or local politics. We found little concern among community school board members for the overall equity of resource allocation throughout the district.

In some districts, board members said that they had little information on the budget modifications asked for during the year by the superintendent or manager. In one interview, a staff member specifically criticized the quality and ability level of recent community board members. Several staff members suggested that more training be made available to community school board members to prepare them better for their role as fiscal monitors.

The role of staff representatives in policy making at the community school district level is spelled out in union contracts. Superintendents must deal with supervisors and staff through their unions. Staff representatives are designated by the United Federation of Teachers (UFT), the Council of Supervisory Administrators (CSA), District 37 and other employee groups. They are represented on district advisory committees and are included in the consultative process according to contract rules. Their influence at the district level varies, but it is clearly felt on a system-wide basis, since contract rules and regulations impose strict controls on how staff is hired and fired, how positions are announced and filled, how transfers and assignments are conducted and on class size.

Parents are represented by several organizations that vary by district. They meet regularly with top management. However, we found that in budgeting decisions, parent groups did not play a significant role beyond the formal sign-off. In most of the districts in which we held interviews, the parents we talked with participated in advisory committees which met on a regular basis with managers. One parent representative said that an old-boy network prevailed in her district and it accounted for funding preferences among school sites. In other districts, there was input through board members. Although consulted at the school site level on programmatic "wish lists" and, indeed, on proposed cuts in program, the parents we talked to were not involved in assignment of teaching and support staff positions to their individual schools. In several of the interviews, top management, teachers and parents themselves reported that parents were ill-equipped to deal with budget questions.

Parents reported that they had more influence on the choice of top personnel than on fiscal issues. The procedure for hiring principals is governed by a directive from the Chancellor known as the Circular 30 process. It requires that the Chancellor appoint

principals from a list of names submitted by a committee on which parents are represented. Because their influence in the selection process for principals is spelled out and significant, parents have concentrated on personnel rather than fiscal choices as a way of influencing school policy.

5. Latitude - How much room is there for local choice?

"There is accountability, but no discretion" said one manager, in describing his role. We asked all respondents to estimate the latitude they had in making budget decisions at the community school district and the school site levels. The response of superintendents and business managers in eight of the ten districts was that they could exercise choice in about 10 to 15 percent of the decisions they faced. In one district, the superintendent claimed that the choice range available was much wider because he knew how to work within the system. Superintendents said that the central board controlled the basic allocation process for the general education (or tax levy) budget, along with the union contract which prescribes class size. The assignment of support staff, they said, was strictly limited by central Board constraints. Choice at the school site might typically be restricted to a choice between hiring a social worker or a guidance counselor.

Business managers in three districts described how they were able to achieve some flexibility in both reimbursable and general education budgets. One way was through accruals, which represent money allocated, but unspent. Accruals, which are under the control of the superintendent, arise when vacancies remain unfilled, or when a program is delayed by unanticipated events. Money allocated can then be switched to other uses. Budget modifications to cover special circumstances are also permitted, if explained to the satisfaction of the central Board's budget office and approved at the district and central Board level. Managers reported processing about 30 to 50 multi-part budget modifications a year. They felt that the approval process was cumbersome and took too long. District administrators can also apply for waivers that permit them to suspend contract rules for limited periods and special circumstances.

At the end of the year, districts must account to the central Board for any overspending or underspending. In more than one district, consistent overspending prevails and is even referred to as a strategy for dealing with central Board restrictions. But the central Board penalizes districts for overspending by imposing deductions in the following year. One manager argued that, although the central Board exacts penalties for overspending, there is no reward for achieving savings at the community school board level. He suggested that boards be permitted to retain some savings thereby providing an incentive to save.

For reimbursable programs (competitive grants that require the creation of separate budgets for approval, and state and federal entitlement programs) a wider range of spending options is available. Two superintendents reported that funded programs offered their districts opportunities to innovate. Administrators reported that

they were able to enhance services available to their schools by using Chapter 1 and PCEN[5] funds to hire personnel, such as reading teachers who could be shared throughout the district. In this way, Chapter 1 funds have been used to provide services to pupils in schools which may not technically qualify for Chapter 1 funds. Similarly, personnel hired to provide counseling or compensatory services funded by special categorical aid programs can be diverted to serve in more general district-wide programs. In this way, managers are able to spread available dollars around the district, or redirect personnel to areas which they perceive as having extra needs. New initiatives can be proposed, a more varied staff employed and funding can sometimes be extended beyond a single year.

The budget for special education offers the least latitude for policy choice. It is governed by a network of laws, regulations and judicial mandates. State laws restrict class sizes. The administration of special education was recently decentralized for New York City public schools, but control was placed at an intermediate administrative level, rather than under the district superintendent or the building principals. Court orders prescribe procedural rules by which placement is made, and committees of professionals must certify placement of each child and regularly review the child's progress. Federal laws covering special education require that children in the program are placed in "the least restrictive environment". To assure compliance with this tangle of regulations and judicial mandates, special education programs are closely monitored and there is little latitude in budgeting. In one district, we heard complaints that social workers and guidance counselors assigned to special education refused to perform even emergency duties in the general education program, although they had ample time to do so.

6. SBM-SDM

Chancellor Fernandez has expressed a commitment to school-based management and shared decision making (SBM-SDM). He is encouraging individual schools to enter into his program for giving greater decision-making authority to school site managers, teachers and parents and training them so that they can participate more fully in planning for their schools. The central Board of Education has initiated an ambitious program to "Automate the Schools", providing participating schools with computer capability and training enabling them to access a wide range of data on pupils, staff and outcomes at individual school sites. We were not able to seek out and interview personnel at any SBM-SDM school; to do so would have taken us beyond the scope of our study. But we did interview the administrator in charge of the program at the central Board and on his invitation we attended a budget training session.

Our findings about the program are confined to the districts which we selected for our sample. In the case of one district with large numbers of Chapter 1 schools, we found that there were several schools participating in the program. In this district, where

---

5 Pupils with Compensatory Education Needs

schools qualified as school-wide Chapter 1 schools[6], the program had the backing of the superintendent and his staff and we learned that the SBM-SDM program was successfully involving staff in local school-based decision making. The administrators in other districts were dismissive or openly hostile to the program. We got the following comments: "We do the same thing in our own way" "The program is flawed because it requires that teachers constitute a majority of each SBM-SDM team" "SBM-SDM is a union-dominated project" or "It's not getting anywhere, it demands too much of teachers' extra time and it has done nothing to help kids". "The people making the decisions are not sufficiently trained and they make a lot of mistakes."

7. "Decentralization is a fraud."

These were the words of one superintendent. Time and time again, we heard from top managers, district staff, community school board members and parents that decentralization was a fiction. Almost all the community school superintendents viewed the central Board as too controlling. They felt their allocation choices were dictated by formulas, regulations and contracts. Their personnel choices were constrained by contractual and procedural rules. Community school board members were no less disenchanted: "The central Board seems to want to eliminate community school boards," said one. Staff members and parents were frustrated because the information available to them did not support their meaningful participation in budget planning. At each level of governance, the participants viewed the budget process as "top-down".

B. The New Spending Plan Procedure

1. A new tool

The publication of information on how resources were distributed within the community school districts has the potential to address many of the issues that surfaced as we interviewed participants in the budget process. The plans would open up district distribution practices for public review; they would empower board members and parents and make legitimate intra and inter-district comparisons. They would formalize data across districts and establish a permanent public record of school district spending for every building in the city. For the first year, however, the spending plans were not well understood.

In March of 1990, the Chancellor announced a new procedure for budget planning at the community school district level. He noted that State law requires the central Board to allocate available funds to its component districts according to objective criteria aimed at an equitable distribution of funds. He announced that, under the new procedure, community school boards would be held to the same standard. It

6 Where 75 % of the children in attendance at a school are defined as living in poverty, the school qualifies for "school-wide" Chapter 1 services and extra resources can be made available on a school-wide basis, rather than to the individual children within the school.

was hoped that the published plans would help community school boards, intermediate staff and parents play a more meaningful role in local budgeting.

Districts were required to outline the method by which they allocated funds to component schools and to show in detail how the funds they receive from the central Board would be spent at each school site, using the same budget codes in which expenditures are reported to the central office throughout the year. The central budget office would collect the reports, aggregate the data, analyze and publish the results.

In February, 1992, the central Office of Budget Operations and Review (BOR) published the budget plans – 32 of them, plus a summary volume showing citywide totals and offering data on planned distributions to every school building. For the first time, a coherent, consistent record of planned allocations by each of the local school board was available to community school district board members, parents, and staff and the general public.[8] For the first time, it was possible to compare planned allocations from school to school within each district. With the publication of the summary document, a new picture, reinforced by graphs, documented programmatic spending patterns across the city. The plans are potentially a major step toward more open budgeting.

2. Hard to understand

a.Complexity

In this first year of publication, neither parents or community board members used the spending plans effectively. The published reports proved just too hard for the non-professional to understand. There was not enough explanatory information in the document to help the layman grasp the significance of discrepancies in funding within the districts, or among them. No user's guide accompanied the reports. No systematic training in their use was offered to community school board members or to organized parents.

When presented to the public, the reports seemed unfamiliar and technical. The report offered a brief explanation of the determinants of cost differences among schools, suggesting that they may arise because of the level of instruction or the Chapter 1 status of the school. Rather than supply answers to the questions implicit in the reports, the BOR document suggested that apparent cost differences might better be explained at the local level and encouraged readers to raise such questions with their own administrators.[7] One reason why such questioning did not take place was that the published reports were complex.

b.Three separate budget streams

---

[7]New York City Public Schools, Joseph A. Fernandez, Chancellor, School Budgets: Community school Districts, p. 2 -2.

Each community school district volume was organized in sections, one on the district's allocation methodology, one on the general education budget, one on the budget for reimbursable programs and one on the special education budget. An additional section reported the districts' budgeted positions for each of these budgets and their plans to assign funds to each school. An appendix offered descriptions of the service types as defined in the report and the budget codes from which they were aggregated.[8] A Glossary of terms was also provided, along with a form on which the readers' response could be recorded and returned to BOR.

For reimbursable programs, the published volumes showed how funds had been allocated by revenue source. Bar graphs compared district funding to citywide averages for five revenue sources: Federal Entitlement programs. State Entitlement programs, Federal and State Competitive programs and Other Grants. Budgets for special education were shown separately, with resource room budgets separately identified.

c.Use of average teacher salary and service types

The central BOR allocations for each district were expressed in dollar terms. For its allocations to community school districts, BOR computed the average teacher salary in each district, and estimates the cost of each program on the basis of the reported number of pupils registered in the district times the district's average teacher salary. It followed the same procedure in its presentation of spending plan data for each district. Community school districts estimated their school-by-school spending in terms of assigned positions using budget codes. To report on the collected district spending plans, the BOR converted the data to dollars using the district's average teacher salary times its estimated pupil register. BOR then regrouped the data into broad service categories (teachers, principals, secretaries, administration, paid leaves etc). The reports showed a dollar figure for planned expenditures in each service category for every school site. [9]

3. Format

a. Organized by function

To show how resources are used in the system, data were organized by the following functions: Administration of the District Office; Early grades; Elementary grades; Junior High School; Bilingual programs; After School programs; Other programs. Total dollar figures are shown for each service type and for each major function. A per capita figure for each service type was computed by dividing the total

---

8 School Budgets, p.A-1 through G-1.

9 The service categories used in reporting spending plans were: teachers, principal, OTPS, secretary, per diem, administration, paid leaves, external use of school buildings, school aides, assistant principals, counseling, lump sum, UFT paraprofessionals, per session, school guards, preparation periods, DC37 paras, community relations, other hourlies.

dollar expenditure by the number of pupils to be served. Accompanying graphs presented the data in dramatic form, comparing district averages for each service type to the citywide average.

b.Per capita information

The per capita figures were computed on rough assumptions as to the number of pupils served in each program category, computations which were not sufficiently documented. The BOR spending plan publications explained that:

> "The most important indicator of relative educational need is to the number of students expected to benefit from the dollars being spent. To help bring out the relationship between budgets and their target populations, the total dollar amounts budgeted have been converted into dollars available per student"[10]

Readers needed to understand that economies of scale sometimes produced wide discrepancies in per capita data for some expenditures such as administrators. For example, although each school requires a principal, the per capita expenditure for principals was greater in smaller than in larger districts. Accurate per capita numbers require that each program be defined in terms of pupils served and a separate per capita constructed for each. But the publications do not make clear that, where some services are available to all students, others are confined to limited groups. This is especially true for special education, where class size is so variable. Further anomalies were created in data for services provided by itinerant professionals such as reading teachers who may serve pupils throughout the district, but are charged to a single school budget and attributed to only one school. The budgeting of part time services created additional questions.

For reimbursable budgets, per capita figures were shown for each revenue source. Some of the data were based on actual, rather than average salaries, because that is the way certain reimbursable budgets are submitted for approval. However, the published volumes did not distinguish between the use of actual and average teacher salaries throughout the text.

In converting special education expenditures into per capita figures, only students in full-time special education programs were covered. As a result, per capita data for special education revealed extreme differences, reflecting the fact that special education class size varies widely. The figures, however, were based on unrealistic estimates of the number of pupils served in the program. Data showing the difference between funds budgeted by the central Board for special education and funds actually

---

10 New York City Public Schools, Joseph A. Fernandez, Chancellor, School Budgets: Community School Districts, p.iii.

assigned by the district did not mention that responsibility for special education is not under the control of community school district managers.

c. Positions

The reports computed staff ratios showing "the number of full-time positions funded in general education and reimbursable budgets for every 1000 students enrolled in general education." The intent of the staff ratios was to distinguish between dollar expenditures and relative service levels within and among the districts, since staff ratios express service levels independent of actual salaries paid.[11] As explained in the text, the ratios represent a very general gauge of the use of resources. They reflect only the general education population without making distinctions to account for pupils served exclusively in reimbursable programs, and without accounting for services rendered by part-time staff, or those serving more than one school. The wide variations in staff ratios that were reported should have raised many questions. However, for the first year, parents and board members were not equipped to respond.

d. Citywide summary

The summary volume showing citywide spending contained useful information comparing planned expenditures in the 32 community districts. Charts illustrated the difference, for each district, in the amount of money per pupil that had been *budgeted* for the district by the central office and the amount actually *allocated* to schools in a spending plan by the local district. This distinction, important as it is internal budget procedure, was difficult for layman to appreciate. Since the reports from community school districts were due before final budget decisions had been made at the state and city levels and by the BOR, it was difficult to evaluate its significance. The gap between dollars budgeted and dollars allocated in the per capita data for general education ranged between $2,414 per capita in district 22 to $2,842 per capita in district 1.[12] Differences in planned expenditures for teachers ranged from $2,096 per capita in district 7 to $1,765 per capita in district 6. According to the text accompanying the charts, the differences in dollars budgeted for general education and dollars planned for teachers are attributable to variations in teacher salaries, as well as differences in workload, class size, number of Chapter 1 schools and district size. The quantitative analysis of expenditure differences planned for Part II of this study may offer additional explanations for discrepancies in spending that were made graphic in the summary data.

4. Graphs raise questions

The data was presented graphically, comparing each district to citywide averages. For each major service type, the report graphed per capita dollar spending for general education, comparing the district's outlay to the citywide average and the

---

11 School Budgets,p. 5-2
12 School Budgets Summary p. 2-2

percent share of the district's budget committed for each service type, compared to the citywide average. The graphs suggest many questions. For example, Why do per capita expenditures on teachers differ widely, not always according to the districts' income level or Chapter 1 status? What explains wide variations in per capita expenditures for OTPS (Other Than Personnel Services)? What accounts for discrepancies in per capita expenditures for assistant principals or the apparent preference of some districts for using school aides and/or paraprofessionals? Does the use of per diem and per session funds reflect important differences in local practice?

In summarizing spending in the 32 districts for programs funded by federal, state or competitive grant sources, the graphs brought out some revealing differences. Some of the less affluent districts, which would be expected to have high entitlements to reimbursable grants, had relatively low levels of funding per capita from reimbursable sources. Per capita figures for competitive grants reflected the predominance of one district, in which political ties are reported to be strong.[13]

5. *Actual expenditures*

Information on planned spending is necessarily hypothetical. The dollar figures collected and published by BOR would be much more useful if actual expenditures in the previous year for each listed category were shown alongside the planned outlays for the coming year. The collection of these figures is relatively straightforward, since the expenditure information is reported regularly, using the same budget codes. In the first year, these data were not easily included, but in the future they could make the plans much more meaningful for parents and other laymen.

6. *Response at the District Level*

a. Top Management

For top management, the spending plan procedure was viewed as irrelevant – an additional administrative chore. Several district managers told us that it was duplicative of their own procedures. One district superintendent and his staff said that they distributed similar but more sophisticated material to all their constituent schools and advisory groups. Several superintendents pointed to computerized information on their own schools which they said was available to anyone who requested it. In only one district did we learn of a management effort to bring the spending plan information to the attention of a wider public. In this district, the superintendent held a teach-in on the plans and explained to his board and the few outsiders attending the board meeting how the plans could be used to assess intra-district equity. He explained how the figures were derived, where anomalies showed up and why his community school district differed in places from citywide norms.

---

13 School Budget Summary p. 3-11.

Superintendents and business managers complained about the timing of the data collection for the spending plans and the timing of their release. They said that the data had to be filed before final allocations from BOR were available, so sums that remained unallocated at the time of data collection had to await the BOR directives which arrived shortly after the filing deadline. The timing unfairly affected reported information on the percentage of unallocated funds in each district.

Four of the administrators and business managers interviewed said they found the required spending plan reporting irrelevant to their own budget process. Two said that the published material was out-of-date when published. Three said that the data essentially repeated information already available. One complained that published information was misleading and distorted the real picture. Two superintendents thought that the published data would make their jobs more difficult because they would be called upon to justify differences in allocations from school to school. One of these welcomed the challenge. In its defense, one manager said the BOR report was " a wonderful document, good in theory but full of technical problems"

Managers said that the data on some expenditure categories showed variations among the districts that required further explanation. For example, local expenditure for security appeared relatively low in high crime areas because these districts had been targeted for extra support from the central Board and did not need to budget so much of their own resources for security. In one district expenditure on extended use of school buildings is high because the district is located in a central area of the city that attracts after-hour use of school buildings from all over the city. It was pointed out that some expenditures such as paid leave, preparation periods, certain per diem charges, the use of UFT paras are covered by union contract rules and are not within the discretion of the local district.

b. The board members' response

Community school board members, when asked if the spending plans had been of use to them, expressed bewilderment. Two or three were interested in using the plans to better assess budget options. One said the plans would facilitate budgeting because formerly, board members had to rely on the deputy superintendent for information. He thought the plans were useful because "they made it legitimate for parents to ask why funding differs from school to school .. there is now a body of facts they can use." We saw that at least one member used the report to question the superintendent about expenditures in one school. One school board member who was interviewed said that he recognized the potential of the plans, but was not yet equipped to use the data effectively. Another had noted reports on his district's a-typical spending in one area and asserted that the report reflected a conscious board policy decision. Several community school board members found the information less useful than it would have been had it taken into account BOR allocations that subsequently were issued.

c. Parents' use of the plans

Of the parents we interviewed, none told us that the plans had helped parents compare allocation decisions throughout the district, or raise questions about overall district policy. The published plans were new and unfamiliar in this first year of publication. In many districts there was no mechanism to bring them to the attention of parent groups. Parents and their representative groups agreed that they needed training in the use of the plans. When the central Board's office of Parent Involvement was questioned on the need for parent training in the use of the new spending plans, we were told that a training session had been held, but that it was not widely publicized and attendance was disappointing.

7. *Equity and Efficiency*

Allocation formulas for distributing funds to the 32 community school districts are established by the central Board of Education. As directed by state law, the central Board has developed "objective criteria" to ensure equity for distributing funds to each of the community school districts. These criteria are expressed in a set of formulas which take into account pupil register, the level of salaries paid in the district and relative need as measured by the percent of low-income children. For each educational program or initiative, allocations to the districts must be based on the requirements of the funding source and the court rulings and contractual agreements that apply.

Community school districts were asked to explain the methods used to distribute the funds allocated to them by the central Board among their component elementary and middle schools. Most of these reported a systematic approach based on the central Board's own methodology and other system-wide rules and regulations. There were few written comments offered on the new process. After publication, a few community school districts commented on anomalies in the figures and suggested ways of averting them. A few districts applauded the publication and complimented the central Board for making useful information available.

In our discussions with district personnel we did not find that the issue of distributional equity was of great concern. Superintendents said that the Chapter 1 funding and state compensatory programs favor schools serving large numbers of low-income pupils and pupils in need of extra services. They said that other schools could supplement their budget through parent activities, flea-market sales and similar fund-raisers. In some districts, this kind of activity was resented. Questions were raised about the meaning of "equity" Do magnet schools or special alternative schools promote inequity? Community school board members reported that some districts had unfair access to politicians and were able to supplement their budgets with special grants.

There was one complaint that affluent districts can, and do, unfairly attract high-priced teachers. One superintendent said that inequities arise because of the system's policy governing teacher transfers. But, although the spending plan reports might shed

light on the question of whether the unequal concentration of such teachers throughout the city system was inequitable, the issue was not raised in any other district. We heard no comments that the BOR allocations were inequitable. Some parent groups reported that inequities developed in their own community school districts because of board favoritism. But they had not yet applied the information available to them in the spending plans to document these complaints.

The central Board's Office of Budget Review and Operations had expressed the hope that the spending plan process would help local school districts to organize and present data more efficiently. It was hoped that it would help to eliminate paperwork. But the managers we questioned on this point saw the required spending plan reports as duplicative; they did not agree that the procedure would simplify record keeping. They were not convinced that the plans would effectively serve either to improve distributional equity or increase efficiency in local district budget making.

IV. Conclusions

1. Interviews in ten community school districts revealed that current budget practices throughout the NYC school system are highly centralized. Although districts differ, community school districts, their superintendents, school boards and parent groups have very little leeway in deciding how or where to spend available resources.

The budget process reflects the tension between the demands of accountability and the pressure to decentralize. The central Board of Education is held accountable for compliance with federal, state and union rules and court mandates. To fulfill this role, it exerts tight control over district budget policies. Although the Chancellor has frequently announced his commitment to shared decision making, he and the central Board have delegated very little fiscal authority to the districts.

At the community school district level, too, power has been retained at the top, reserving almost no latitude for school-site managers and their client groups. Community school boards and parent groups have been granted more input in personnel choices than in budget choices.

2. The spending plans are an important step forward. They open up budget process to a wide audience. They expose districts to citywide comparison, and permit wider understanding of inter and intra-district equity in allocation of resources. They spotlight the priorities of each district and give parents and school board members the tools to raise questions and alter priorities. In addition, they create a standardized, continuous record that will document school spending policies over time.

3. The plans have potential for helping parents, citizens and community school board members play a more effective role in allocation decisions. They should provide parents with information on school allocations, so that they can raise questions, compare schools and participate more fully in school site affairs. The plans should improve the effectiveness of community school board members. They should simplify, not complicate, the work of superintendents and business managers and help the central Board of Education consolidate oversight and delegate more authority to community school district managers.

4. The spending plans need improvement. They are not yet user-friendly. Parents and community school members expressed considerable bewilderment as to their purpose and significance. No real training in their use was available to community school board members and the training offered to parents was inadequate. Training was not well coordinated with the advocacy community or with major parent organizations.

The many anomalies in the reports need attention. The use of average teacher salaries as a way of expressing allocations was not adequately explained. Differing budget practices used for the general education (tax levy) budget and for reimbursable allocations created some confusion. Special education data appeared distorted because of varying class size requirements in the different special education programs.

The computation of per capita expenditures in various program categories was not sufficiently defined. Too often per capita expenditures referred to a broad group of students when the program referred to served a more narrowly differentiated group of students.

5. Missing from this first year's data was information on actual expenditures for the previous year. The plans for each program at each school would make much more sense if the reader could see how much was actually spent in the program the year before. This information is readily available because amounts allocated for the spending plans use the same budget codes as those used in reporting actual expenditures throughout the year.

Interview Guide

1) Process
Could you describe the district process of allocating tax levy, reimbursable, and special education funds and how they are related?

2) Who are the decision-makers?
What mechanisms are in place for communication between the district office and the schools? Who participates in the process? Who are the chief actors? How much interaction is there in the process? Who makes decisions on personnel? Who decides how many APs or how many paras? How is the OTPS budget for each school developed? Who controls accruals? To what extent is the participation by individual school personnel? Parents? Community school board members? Union representatives?

3) Latitude
What room did you have for local choice within the central board's allocation to the district? Does this differ for the tax levy, the reimbursable budgets and the special education budget? Personnel and OTPS? How did you use the choices you had? Where would you have changed these choices had you been able? What restrictions did you face in terms of federal or state regulations? Contractual restrictions? Central Board policy? Space limitations? Do you deviate form the teachers' contract?

4) Goals
What are the goals of your budget decision making?

5) Spending Plans
How did you go about implementing Circular 20 and the spending plan process in your district or school? Did spending plans create additional work or improvements in your planning process? Did they help create better management of resources? Could there be improvements in how spending plans are structured? Will spending plans change the district budget process?

6) Efficiency
To what extent did the actual expenditures in your district reflect planned expenditures? To what extent were planned expenditures entered in the appropriate location? If there were marked discrepancies, what caused them? Can this be remedied or will the process be flawed?

7) Equity
How did you determine the assignment of resources to school buildings within the district? Does your statement on the Chancellor's spending plan questionnaire on allocation methodology fully reflect actual practice? Is the distribution based on central Board policies, or locally determined procedures? Are there differences in the flow of resources for tax levy, reimbursable and special education codes?

8) Problems and Suggestions
What are the main problems encountered in the budget process? How might the spending plan process be improved? What are your comments on community school district budgeting? On school-based decision-making?

9) School characteristics
What distinctions are there between SBM-SDM schools and others? Between Chapter 1 schools and others?

SUMMARY

EPP Study of how New York City Community School Districts Allocate and Spend funds for Elementary and Middle Schools

I. Purpose of the Study

One primary goal of the Educational Priorities Panel (EPP) is to assure that, to the greatest extent possible, funds assigned to the New York City public schools flow to the classroom. Another major commitment is to promote an equitable distribution of resources among all the school sites within the city. When the central Board of Education announced plans to collect data on how each of the 32 community school districts planned to allocate its funds to the school sites within it, the EPP saw the new information as an opportunity to study district decision making and to find out more about how funds are distributed among community school districts and how resources are distributed to individual schools within the system.

With a grant from the Aaron Diamond Foundation, EPP asked Drs. Robert Berne and Leanna Stiefel of New York University's Wagner Graduate School of Public Service to collaborate with the Panel on a study of how funds were budgeted and spent by the 32 community school districts in New York City. As Part I of the study, the EPP conducted a qualitative study of the budget process in ten selected community school districts to learn more about the decision making process at the local level. As Part II of the study, Drs. Berne and Stiefel undertook to obtain the data used in the Board of Education spending plans and to prepare a quantitative analysis of the 1991-1992 budget and expenditure data as supplied by the Board of Education.

To determine whether decentralization is more than a slogan and what role parents and community school board members play in the budget process, EPP's part of the study (Part I) focused on the following questions:

- Within the community school districts, who makes the major allocation decisions?

- What role in budget decision making is played by community school boards and parents?

- How were the published spending plan documents used by community school boards and parents and how can they be made more useful to these groups?

To determine whether funds for poor children are distributed at both the district and the school site level and to analyze differences in the way community school districts allocate and spend the funds they receive from the central Board of Education, Part II of the study focused on the following questions:

• What is the relationship between the level of funding and the degree of poverty both among the community school districts and among the school sites?

• How do the allocation practices within the 32 community school districts differ? Are there significant differences among the districts, and if so, are these differences related to the students' poverty level? Are there significant differences among districts in the proportion of district funds retained for district office use or left unallocated?

• Do actual expenditures reflect planned allocations? Are there significant differences within the community school districts between planned allocations and actual expenditures?

• What are the differences in the way funds supported by different revenue sources are apportioned ?

The first of the "Spending Plan" reports covered the 1991-1992 school year (as of January 30,1992) and was published in the Spring of 1992.[1] For the first time, a set of data was made available to the public that provided an overall picture of how resources in the New York public school system were allocated to the individual school-sites. For the first time, local community school districts were asked to account to the public for how they planned their allocations. For the first time, a standardized document was made available to community school members and parents to document distribution policies within their own districts.

II. Findings

Although different in tone and methodology, Parts I and II of the study present a picture of how budgeting is perceived in the local districts, how the new spending plans were perceived by board members and parents, and what the new data could tell us about the variations in allocation practice and the equity of planned expenditures within the districts. Here are some of the findings that respond to the questions raised by the studies:

Part I. Top-down Budgeting; Budget Planning within New York City Community School Districts

1. In the interviews conducted in ten selected districts, the EPP found that decision making on budget matters is highly centralized. Detailed allocations to the community school districts are issued each year by the central Office of Budget Operations and Review. Based on these allocations, basic budget decisions at the community school district level are made by the superintendents and their staffs. Top administrators meet with principals to determine budgets for individual schools. Principals have limited power to press for the special needs of individual schools.

---

[1]New York City Public Schools, Joseph A. Fernandez, Chancellor, School Budgets, 1992.

2. Although all districts described a consultative budget process, community school board members and parents that were interviewed reported that they followed the lead of superintendents on budget matters. Parents and community members complained that the district budget hearings were often perfunctory, that they were not timed to permit meaningful parental input into the budget process.

3. The superintendents and business managers who were interviewed reported that they had little leeway for spending within general education budgets and even less for special education budgets which are limited by law and regulation. There is more room for innovation and flexibility in reimbursable budgets, and several administrators reported that they used these opportunities to meet specific local objectives and needs.

4. The spending plan documents proved to be hard for parents and board members to understand. It was difficult for parents to make the distinction between "budgeted" funds (those designated for the community school district by the central budget office) and "allocated funds" (those assigned to school sites by the district). Further, the central board bases its allocations on each district's average teacher salary, so that dollar allocations reflect only the average salary in the district and not individual salaries at the school site level. In schools where teacher turnover is high, most of the staff may consist of teachers with less seniority earning lower salaries so per pupil expenditures may be relatively low. Differentials in expenditures for teachers at the school site level would show up only in actual expenditure figures. Unfortunately, complete actual expenditure data were not available for analysis in Part II of this study, so only a limited comparison between planned and actual expenditures could be made.

5. Top-down Budgeting recommended that more training in the use and significance of the spending plan documents be offered. Although a few training sessions were given by Budget Office personnel, the Office of Parent Involvement and the City School Boards' Association did not vigorously promote training in the use of the reports for their members. In only one of the ten districts we selected were they used by the superintendent to inform the community. The potential of the spending plans was recognized by some board members and welcomed by some of the principals we interviewed. But in this first year, the published plans were not widely used in the decision -making process in the districts we visited.

6. Equity was not a major issue for the board members and parents interviewed at the district and school level; they were focused on the here and now of their own schools and districts. Similarly, in all but one of the districts studied, administrators did not list equity as among the express goals of the district. Administrators were more concerned than parents with the implications of comparative performance and practice among the 32 local districts. Some complained that their jobs would be made harder by publication of the budget data; others said the spending plan documents were redundant. A few welcomed the challenge to explain to their communities how local practice related to citywide averages.

Part II School and Community School District Budgets and Expenditures in New York City

The quantitative analysis of the spending plan data analyzes the results of allocations made by the central Board of Education budget office to the community school districts and by the 32 community school districts to the more than 800 elementary and middle/jr. high school sites. The findings of Part II of the study help to answer the above questions this way:

1. The 32 community school districts differ in their budget practices, indicating that, within narrow constraints, there is leeway to decide on the timing of allocations and on the split between allocations to schools or allocations to the district office or leaving sums unallocated:

- Although the amounts allocated at the community school district level do not vary widely, there is considerable difference in the amounts that are assigned promptly to individual schools, or to district offices, or left unallocated.

- As of January 30, 1992, the date of the data collection, districts with large numbers of poor children had assigned less per pupil for general education in individual schools, and more per pupil to district offices and/or the unallocated category.

2. The study reports that in general education budgets:

- Differences in dollars per pupil spending among individual schools are largely attributable to differences in average teacher salaries.

- Average teacher salaries are markedly lower in schools with high levels of poverty than in schools in other districts.

- There are more positions per pupil in high poverty districts where average teacher salaries are lower; teachers in high poverty districts have less seniority than those in other districts.

- Data on allocations to individual schools show that less money is allocated for general education in schools with larger numbers of poor children than in schools with fewer poor children. This means that salary relationships have greater impact than the allocation of positions in general education budgets.

3. The study examined budgets at the school site level to compare planned expenditures for general education for "direct" purposes and "indirect" educational purposes. The study defined "direct" purposes as expenditures for teachers, counseling, paraprofessionals, OTPS and other services directly related to student learning. As "indirect" purposes the authors listed administration, principals, ass't principals, school

guards, community relation programs etc. The study found that, at the school site level, poor districts tended to spend less for direct and more for indirect expenditures than richer districts.

4. When data for general education expenditures were separated to show planned expenditures for elementary schools, as distinct from middle/jr. high schools, it appeared that:

- More resources per pupil were assigned to middle/jr. high schools.

- The relationship between assigned resources and degree of poverty was different in elementary schools than in middle/ jr. high schools. In elementary schools, in schools with high levels of poverty, less money was budgeted for "direct" services than for indirect services, while in middle/jr.high schools, the poorer schools received more resources for all types of services.

- Despite the Board of Education's express concern for reducing class size and directing more resouces to early childhood education, elementary classrooms receive fewer resources for "direct " services than middle and junior high school classrooms.

5. Two factors were found to counterbalance the above findings that the system drives fewer resources toward high poverty schools than to low poverty schools:

- Federal and state-supported reimbursable programs which are expressly designed to serve poor children tend to direct more resources to schools where poverty was greatest. Federal and state competitive grants, however, do not. When total spending for general education and for reimbursable programs are combined, the relationship between poverty and spending reflects the impact of reimbursable funding; high poverty districts received more funds, had more positions per pupil and consequently larger budgets for teachers' salaries.

- In the assignment of staff positions to individual schools at the middle/jr high school level also tended to drive more resources to high poverty schools. On a per pupil basis, the study found that districts assigned more middle/jr. high school positions to those schools serving greater numbers of poor children and fewer positions to those with lower levels of poverty. In elementary schools, the same was true, but to a much less degree.

6. It was difficult to compare actual expenditures for all three budgets (general education, special education and reimbursable expenditures) for the 1991-92 school year with the planned allocations recorded in the spending plans because 1) an additional $30 million in funds was made available to school districts throughout the year and the data do not detail in what categories or what schools the supplemental funds were spent and 2) figures on actual expenditures for reimbursable programs were

considered incompatible with those that appear in the spending plans. Yet, on the basis of data for general expenditures only, the study found:

- Because funds were added by the central office during the 1991-1992 school year, actual expenditures were higher than planned expenditures in all but one district. The average difference between planned allocations and actual expenditures came to $57 per pupil.

- For general education budgets, the difference between planned and actual expenditures was greater in districts with high levels of poverty than in districts with lower levels of poverty. At the school level, this relationship applied to elementary schools, not to middle schools. In elementary schools actual per pupil expenditures for "direct" services and for teacher salaries all showed that less was spent in districts with high level of poverty than in districts with low levels of poverty .

III. Conclusions and recommendations

Top-down Budgeting found a highly centralized system of budgeting at the community school district level. It recommended that a more inclusive decision-making process be developed. It recommended that more power over the use of resources be delegated to the school site. It suggested that consultation with parents on budget issues be timed to relate more realistically to the budget calendar.

Top-down Budgeting suggested that actual expenditure figures for the previous year be included along with data on planned expenditures for the coming year. Parents and citizens are entitled to know, not only how budgets were planned for their individual schools, but how funds were actually spent. Berne and Stiefel suggested that actual salaries, rather than average teacher salaries, be included in future editions of the spending plan report. They made additional suggestions for clarifying pupil counts and resolving data problems.

The Berne and Stiefel study implied that district administrators have discretion in the scheduling of allocations and in allocating resources to the district office. It raised questions about resource distribution to individual schools within the city, especially about the effect of the concentration of lowered-salaried professionals in high poverty areas. It flagged a discrepancy between resources available to poor children in elementary schools compared to resources available to children in middle schools.

Both studies found that the spending plan data represented an important advance toward more open and informative budgeting within the New York City school system. Both studies made suggestions for improving the spending plan reports and identified technical problems that should be corrected in future editions of the report.